Headquarters U.S. Air Force

Integrity - Service - Excellence

AFMS Group

21 May 04
1400-1600

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AFMS Group Agenda

- **Approval of Minutes** — **1 Min**
- **FY06 POM** — **60 Min**
- **Open Discussion** — **30 Min**

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Minutes Approval

- 12 May 04 AFMS Group Minutes – Approved?
- Archives of AFMS Corporate Structure minutes can be found at:
  - O:\SG_Common\AFMS Corporate Structure

    - or –
  - https://kx.afms.mil/afmsengineroom

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AFMS FY06-11 POM FINANCIAL SUBMISSION

21 May 04

Mr. Chet Gooding, GS-15
Deputy Director
Medical Plans and Programs
Gooding.chet@pentagon.af.mil

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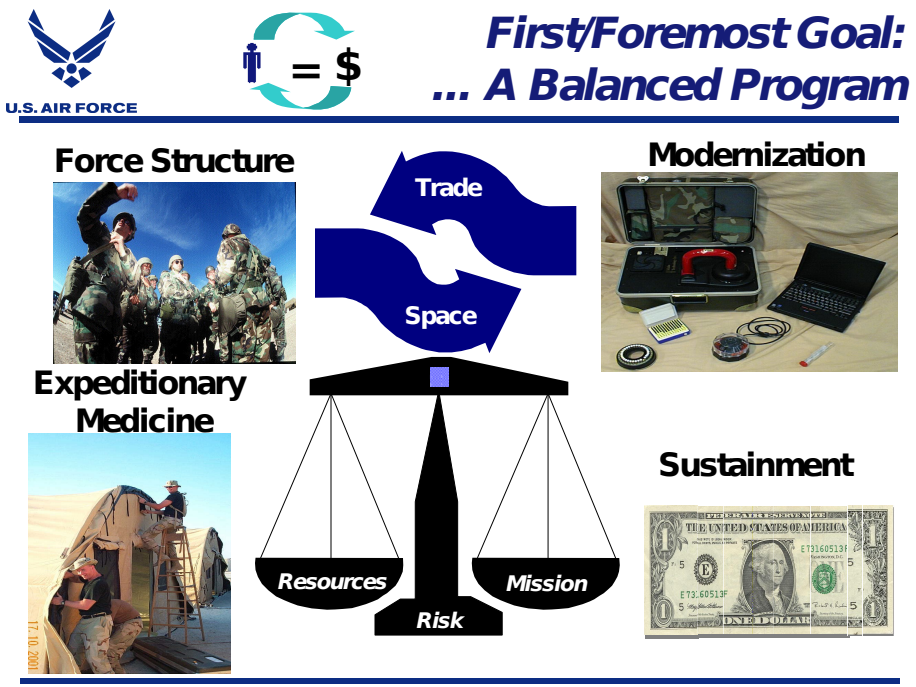
Purpose

- **Purpose:**
  - **Update Financial Guidance for POM submission**
  - **Integrate AFMS unfunded requirements into Bills List**
- **Type: Decision**
  - **Approve strategy for submitting financial POM**
- **Length of Briefing: 2 Hours**



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FY06 POM Fiscal Guidance

- 28 May Suspense
- Conflicting fiscal guidance on unfunded requirements
- Services (LAF) working fiscal guidance driven reductions in their programs
- TMA takes DHP Tax of $1.1B reduction in Private Sector Care Program
- Result: TMA does not support our previous strategies; rather we have to now pay the bills
  - Leaves MTF Efficiencies broke throughout POM
  - Does not address the Local Support issue
  - Pharmacy inflation decreased in FY10/11

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FY06 POM Submission Strategy

- Submit current POM position with over guidance as previously approved
  - Preserves A-2 Lay down
  - Pushes external bills back to TMA
    - MTF Efficiencies
    - Pharmacy
    - Local Support (Appointing and UM)
    - DoD/MERB
  - Consistent with position of other services
- Develop fallback position in case “pushback” from TMA

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Tab P Submission Unfunded Requirements

		(figures are in 000's)					
AFMS Unfundeds	**FY06**	**FY07**	**FY08**	**FY09**	**FY10**	**FY11**	**FY06-11**
Appointing	$ 13,294	$ 14,078	$ 14,909	$ 15,744	$ 16,689	$ 17,690	$ 92,404
Utilization Mgmt	$ 26,559	$ 28,339	$ 30,037	$ 31,179	$ 33,050	$ 35,033	$ 184,196
DoD/MERB	$ 2,200	$ 2,266	$ 2,334	$ 2,404	$ 2,476	$ 2,550	$ 14,231
Referral Mgmt Centers for T-Nex	$ 4,520	$ 4,705	$ -	$ -	$ -	$ -	$ 9,225
OB Contract Bill	$ 16,300	$ 23,700	$ 24,293	$ 24,900	$ 25,222	$ 26,160	$ 140,574
MMSO	$ 37,071	$ 39,433	$ 41,927	$ 45,669	$ 49,399	$ 53,405	$ 266,904
AMP	$ 11,934	$ 12,602	$ 13,308	$ 14,053	$ 14,840	$ 15,671	$ 82,409
Pharmacy	$ 18,523	$ 21,268	$ 27,243	$ 34,269	$ 38,382	$ 42,987	$ 182,672
MILCON	$ -	$ 52,755	$ 49,089	$ 65,084	$ 59,461	$ 59,830	$ 286,219
Procurement	$ 19,917	$ 20,546	$ 21,942	$ 32,876	$ 31,994	$ 31,098	$ 158,374
Total	**$ 150,318**	**$ 219,692**	**$ 225,082**	**$ 266,179**	**$ 271,512**	**$ 284,425**	**$ 1,417,208**

- **TMA input on Tab P due and submitted – 23 March 2004**

AF Unfunded Submissions

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(figures are in 000's)

AFMS Unfundeds	FY06	FY07	FY08	FY09	FY10	FY11	FY06-11
MTF Efficiencies	$33,558	$92,463	$180,999	$289,170	$312,303	$334,164	$1,242,657
DoD/MERB	$2,200	$2,266	$2,334	$2,404	$2,476	$2,550	$14,230
Appointing	$12,800	$13,312	$13,844	$14,398	$14,974	$15,573	$92,404
Utilization Mgmt	$18,959	$20,021	$21,142	$22,326	$23,576	$24,896	$184,196
Pharmacy	$18,523	$21,268	$27,243	$34,269	$38,382	$42,987	$182,672
Total	**$86,040**	**$149,330**	**$245,562**	**$362,567**	**$391,711**	**$420,170**	**$1,716,159**

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"Fall Back" Position Assumptions

- Must redo the major financial position
  - MTF Efficiencies must pay bill
  - New prioritization that integrates internal & external bills
- Original ranking of internal bills was/is correct
- POM must preserve A-2 lay down

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"Fall Back" Position Today's Work

- Strategy to pay MTF efficiencies
- Strategy to determine magnitude of bills to pay
  - Break external bills into blocks when appropriate
  - Quantify block contents
  - Insert external bill blocks into approved prioritized internal bills list
  - Determine new "cut" line
- Apply the offsets to the new consolidated bills list
  - Develop additional offsets as needed based upon size of bill accepted
- Identify issue papers required to support submission

Total Bills and Offsets

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Rank	Corporate Bills	Amt	Cumulative	Rank*	Offsets	Amt	Cumulative
1	Dental Central Contract	2,540	2,540	15	Tradespace	-46626	-46,626
2	HAWC Contractors	5,400	7,940	14	Block I	-18800	-65,426
3	OB Contract Bill	16,300	24,240	13	TDY Total	-255	-65,681
4	HPSP (dental option included)	4,182	28,422	12	Contracts Total	-5,751	-71,432
5	HPSP (Block II Increase)	3,964	32,386	11	TDY Total	-1,799	-73,231
6	Referral Mgmt Centers	4,520	36,906	10	IM/IT Total	-1824	-75,055
7	MMSO	2,000	38,906	9	Supplies Total	-1,402	-76,457
8	Modernization delta	21,000	59,906	8	Equipment Total	-2,233	-78,690
9	Pt Movement Items	1,530	61,436	7	IM/IT Total	-689	-79,379
10	HPLRP	7,602	69,038	6	Supplies Total	-4,632	-84,011
11	HPSP (Block III Increase)	3,100	72,138	5	Contracts Total	-15,828	-99,839
12	Referral Mgmt Centers (Block II Increase)	880	73,018	4	Equipment Total	-1,614	-101,453
13	Modernization (Block II Increase)	4,920	77,938	3	SRM Total	-3,714	-105,167
14	HPLRP (Block II Increase)	2,370	80,308	2	Pharmaceuticals	-328	-105,495
15	Referral Mgmt Centers (Block III Increase)	3,260	83,568	1	SRM Total	-3,986	-109,481
16	Modernization (Block III Increase)*	16,480	100,048				
17	Pt Movemement Items (Block II Increase)	3,030	103,078				
18	HPLRP (Block III Increase)	2,463	105,541				
19	Pt Movement Items (Block III Increase)	3,940	109,481				

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External Unfunded Blocks

Program	FY06	FY07	FY08	FY09	FY10	FY11	FY 06-11
MTF Efficiencies	33,558	92,463	180,999	289,170	312,303	334,164	1,242,657
DoD/MERB	2,200	2,266	2,334	2,404	2,476	2,550	14,230
Appointing Block I	$4,250	$4,490	$4,540	$4,600	$6,440	$4,710	$29,030
Appointing Block II	$8,550	$8,822	$9,304	$9,798	$10,314	$10,863	$57,651
Medical Management Block I	$11,415	$12,054	$12,729	$13,442	$14,195	$14,990	$78,825
Medical Management Block II	$5,062	$5,346	$5,645	$5,961	$6,295	$6,647	$34,956
Medical Management Block III	$2,482	$2,621	$2,768	$2,923	$3,086	$3,259	$17,139
Pharmacy Block I (Buckley only)	$6,200	$7,119	$9,115	$11,470	$12,847	$14,389	$61,140
Pharmacy Block II	$12,323	$14,149	$18,124	$22,799	$25,535	$28,598	$121,528

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FY06-11 Potential Offsets

- Milpers turn-in (FY08-11)
- Standardize infrastructure replacement to lowest levels across AFMS (SRM, IM/IT, Equip)
- Scrub contracts again
  - Focus on non-analyzed contracts
- TPC Central Contract Offset ($23.6M)
- Tax MAJCOMS

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The Way Ahead

- Finalize financial workbooks (previous strategy)
  - Book MTF efficiency against Revised Financing
- Brief AF/SG
- Submit POM to TMA on 28 May 04
- Work the “Fall Back” Strategy
- Brief POM submission to TMA at 3 Jun RMSC
- TMA workgroup (1-3 Jun) on UFR list
- Have fallback position formulated NLT next week’s AFMS Group

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Meeting Recap & Calendar

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- New Items
- Action Items
- Meeting Schedule:
  - AFMS Group: Wed., 26 May, 1300-1530